

## The Public Service Commission State of South Carolina

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COMMISSIONER, FIFTH DISTRICT  
CHAIRMAN

June 22, 2007

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Samuel W. Bodman  
Secretary of Energy  
U.S. Department of Energy  
1000 Independence Ave., SW  
Washington, DC 20585  
[lgprogram@hq.doe.gov](mailto:lgprogram@hq.doe.gov)

RE: RIN 1901-AB21 Comments on Proposed Loan Guarantee Program Rules

Dear Secretary Bodman:

As public utility commissioners in South Carolina, we are tasked with ensuring consumers have access to safe, reliable and affordable electricity. We are uniquely situated to assess the costs and benefits of programs which seek to promote technologies that avoid, reduce or sequester greenhouse gas emissions – technologies supported by Title XVII of the Energy Policy Act of 2005.

The commercialization and deployment of advanced energy sources, such as renewable, clean coal and advanced nuclear generation technologies, is vital to meeting the country's growing demand for electricity while responding to increasing public interest in climate change policies. Without state and federal policies that help secure financing, these cleaner technologies will not get built.

In May 2007 the South Carolina Legislature passed Senate Bill 431 which supports the construction of new baseload generation. Policies are in place (legislation and/or regulation) in Florida, Georgia, Louisiana, Texas, Virginia and several other states that support construction of generation technologies including, or specifically designating, nuclear energy. Also, policies to support the development of generation are under development in North Carolina and possibly other states.

The federal loan guarantee program is intended to support the deployment of new technologies that reduce, avoid, or sequester greenhouse gas emissions by providing a guarantee for up to 80 percent of project costs. Congress has communicated that when passing this provision it anticipated at least 20 percent of a qualifying project's costs would be financed with developer's equity. Thus a loan guarantee should cover all debt up to 80 percent of project costs.

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This is a vital program to support construction of advanced energy technologies because loan guarantees spread the risk of building these new technologies among consumers, electric company shareholders and the federal government. Ultimately, loan guarantees reduce the cost of electricity to consumers from these new, clean technologies.

In the Department of Energy's May 16 Notice of Proposed Rulemaking, rules are suggested that only cover 90 percent of a project's debt. This requirement combined with other provisions in the draft rules will make the loan guarantee program very difficult to use, and therefore will not encourage the amount of clean energy construction that this country will require.

The South Carolina Public Service Commissioners urge the Administration to implement a workable loan guarantee program that will, in fact, accomplish the deployment and commercialization of advanced technologies that society requires for a diverse energy supply system that meets the needs of our citizens in a reliable, affordable and environmentally responsible way. We urge the Administration to implement the loan guarantee program the way Congress intended it to work, allowing coverage of all debt up to 80 percent of a project's costs. Also, we encourage the Administration to seek full funding to implement the loan guarantee program as intended by Congress.

States are stepping up to do our part to encourage construction of advanced, clean energy technologies. It is time the federal government does its part by implementing Title XVII as the workable loan guarantee program it was intended to be.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "G. O'Neal Hamilton".

G. O'Neal Hamilton

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